

August 30, 2007



Ms. Mary Levine, Director of Legal Affairs
Michigan State Housing Development Authority
735 East Michigan Avenue
Lansing, MI 48909

Re: Michigan's Qualified Allocation Plan 2008-2009 Draft

Dear Ms. Levine:

On behalf of HRI, I wish to thank the Michigan State Housing Development Authority for your demonstrated commitment to addressing the problems of homelessness and shortage of affordable housing across our state. I am sorry I am unable to join you at today's meeting, but offer this letter as Housing Resources, Inc. (HRI) support of the following changes to Michigan's Qualified Allocation Plan (QAP).

HRI has developed and maintains a portfolio of 280 LIHTC units. Of which, 116 are set-aside for special needs/homeless households including 99 section 8 project based units and 17 targeted to households at 20-30% AMI. Therefore, I greatly appreciate the opportunity to provide the following feedback regarding Michigan's plan for allocating LIHTC, fully understanding these limited resources are far outweighed by the demand:

- HRI supports all changes to the QAP that will increase the number of housing units made available to persons who are homeless and/or special needs individual/families. The LIHTC is one of the largest resources made available to Michigan to create new or rehabilitated affordable units for low income people. As you are aware, Michigan's economic climate has increased the homeless population across the state. On any given night, Kalamazoo has a homeless population that exceeds 350 people (one third of which are children!), and it is imperative that tax credit dollars are dedicated to the creation of units that will assist this population and/or those with special needs.
- HRI strongly supports avoiding any revisions to the plan that overly weights points for blighted and distressed areas to the disadvantage of rural/suburban locations. The need for affordable housing in Kalamazoo is as critical as in any other part of the State. For many years the QAP was heavily weighted toward blighted and distressed areas. Thereby, limiting housing choice for lower income and minority households and often resulting in an over concentration of poverty in the urban core. As Kalamazoo County is a non-designated rural county, with only one mid-size urban city, we want to assure we are not limited in accessing LIHTC under the upcoming QAP pointing system.
- HRI supports Smart Growth initiatives. However, believe the net affect of the "Walkable Communities Features" section results in a return to layering points for urban core communities. Instead, we support the recommendations of the Michigan Land Use Leadership Council Final Report, "Michigan's Land, Michigan's Future" to provide expanded housing choices for individuals and families. We encourage you to substitute the following from the Governor's Report, which utilizes a balanced growth approach with a focus on deconcentrating poverty in older core cities:

- ❖ Promoting economic diversity by expanding the range of housing prices.
 - ❖ Addressing the uneven distribution of affordable housing throughout regional housing markets.
 - ❖ Allowing for close proximity to employment opportunities.
 - ❖ Focusing in communities that can support a full complement of essential public and private services and facilities.
 - ❖ Increasing higher density development.
 - ❖ Increasing mix of land uses and housing types.
 - ❖ Addressing displacement and gentrification issues resulting from current focus on increased market rate housing and home ownership in urban centers.
- HRI supports the QAP encouraging market rate/mixed income housing in high poverty areas but also proposes including points for the reverse, economic integration in predominately market rate locations. Findings from several studies indicate the trend for siting affordable housing in disadvantaged neighborhoods serves to concentrate poverty and reinforce racial segregation.

The Brookings Institution Study Siting Affordable Housing: Location and Neighborhood Trends of Low Income Housing Tax Credit Developments in the 1990's, states:

“Moreover, by siting assisted housing developments in impoverished neighborhoods where jobs are scarce, schools are poor and social resources minimal, developers may have unwittingly limited the opportunities for upward mobility of residents.”

HRI strongly support the report's following public policy recommendation that the LIHTC program incentives should be reviewed: “to ensure they (LIHTC) enhance low income families' access to a broader array of neighborhood choices...and foster the development of more family units outside of poor minority neighborhoods. Indeed, the findings presented here indicate that the program could better enhance low and moderate income families' access to more economically stable and racially integrated communities.”

- HRI also promotes a better connection between state and local government strategic housing priorities relative to the QAP revisions. Many central cities, like the City of Kalamazoo, wish to promote fair share affordable housing among fellow less urbanized municipalities in their area. They also attempt to revive/stabilize core neighborhoods by increasing homeownership and decreasing the percentage of rental units. Focusing on shoring up their tax base in these areas, not depleting it with additional requests for a payment in lieu of taxes (PILOT), which also creates LIHTC pointing issues.

Given the City of Kalamazoo's policy stance, suburban site development becomes one of the only options in Kalamazoo County. As a non-rural designated county with no other major urban areas, it could still be difficult to garner sufficient points for a suburban development LIHTC award under the newly proposed QAP.

Similarly, Federal entitlement funds such as CDBG and HOME are not substantially available outside the City of Kalamazoo. This not only limits access to capital, making LIHTC financing even more critical, but also limits the competitiveness of Kalamazoo County applications under the "Federal, State or Local Funding" category.

Awarding points to developments contributing to economic diversity, grappling with NIMBY- inclusionary zoning issues, as well as promoting workforce housing in closer proximity to job growth areas should be considered. Especially as employment opportunities are increasingly created in city suburbs opposed to central cities where affordable housing is concentrated. Siting affordable housing closer to job opportunities could also effectively deal with public transportation barriers.

- HRI applauds the continued commitment to "Special Needs Targeting" but recommends expanding the target population definition to include both homeless and doubled-up families with children regardless of identifiable special needs. Knowing Governor Granholm recently sponsored a Policy Academy on Homeless Families and Children to increase access to housing and mainstream services, such an action would help meet the Policy Academy's vision statement for Michigan: *"All Michigan children and families live with dignity and thrive in safe, affordable and sustainable homes in supportive communities."*

Thank you for your efforts to generate a thoughtful and effective blueprint for the most strategic use of this critical federal resource and your consideration of HRI's perspective. Should you have any questions, please feel free to contact me at (269) 382-0287 ext. 121 or ekisinger-rothi@housingresourcesinc.org.

Sincerely,



Ellen Kisinger-Rothi
Executive Director